



September 1, 2010

The Honorable Nancy H. Sutley  
Chair, Council on Environmental Quality  
722 Jackson Place, NW  
Washington, D.C. 20503

Re: Greenhouse Gas Emissions from Biomass Combustion Under EO 13514

Dear Chairperson Sutley:

Progress Energy is a regional energy company focusing on the high-growth Southeast region of the United States. The Company has more than 22,000 megawatts of electric generation capacity, supplied by 23 coal-fired steam units, five oil-fired steam units, as well as gas-fired, nuclear and hydroelectric facilities. Progress Energy is organized as a holding company that operates regulated utilities in the Carolinas and Florida that serve more than 3.1 million retail customers. On behalf of these operations, I am writing with regard to the treatment of carbon dioxide (CO<sub>2</sub>) emissions from biomass combustion in the draft Federal Greenhouse Gas Accounting and Reporting Guidance (Guidance) dated July 2, 2010.

Progress Energy generally supports the approach the Guidance takes with respect to CO<sub>2</sub> emissions from the combustion of biomass. Specifically, we agree that such emissions should not be subject to agency reduction targets as part of the implementation of Executive Order (EO) 13514. As one of the very few alternatives to fossil fuels that is both carbon-neutral and capable of generating baseload electricity, biomass is an attractive option for reducing CO<sub>2</sub> emissions from electricity generation. Biomass also promotes national energy security by being domestically-sourced and renewable. Progress Energy believes that not subjecting CO<sub>2</sub> emissions from biomass combustion to agency reduction targets will help drive broader use of biomass as a source of power and help reduce the power sector's carbon footprint.

Progress Energy also supports the ability of federal agencies to reduce CO<sub>2</sub> emissions by producing or purchasing electricity generated from renewable energy sources, including through the purchase of renewable energy certificates (RECs). *See* Guidance at 20. In particular, the company supports the Guidance's treatment of biomass combustion as a source of renewable energy. *See* Guidance at 22.

However, Progress Energy respectfully disagrees with the approach the Guidance takes with respect to the reporting of CO<sub>2</sub> emissions from biomass combustion. The Guidance states that



federal agencies “must clearly identify and report scope 1 CO<sub>2</sub> emissions associated with the biogenic portion of biofuel and biomass combustion.” *See* Guidance at 17. Progress Energy believes that, since biomass is a carbon-neutral source of electricity, requiring the reporting of emissions from biomass combustion as Scope 1 emissions is unnecessary and potentially misleading. This may discourage the kind of carbon-neutral alternative that EO 13514 was intended to encourage.

Reporting CO<sub>2</sub> emissions from biomass combustion risks undermining the goals of EO 13514, as it will distort the data federal agencies report as Scope 1 emissions. Such reporting could lead to confusion as to what portion of an agency’s emissions is from biomass combustion and is thus carbon-neutral. Reporting in this manner weakens a principal incentive for switching to biomass combustion as a way to reduce CO<sub>2</sub> emissions, since under this approach the overall emissions an agency reports may not show a meaningful decrease. Indeed, by having to report biogenic emissions, agencies could appear to have missed their reduction targets, even if the reality is otherwise.

The EPA took many of these issues into account in its treatment of emissions from biomass combustion in its greenhouse gas reporting rule. In the rule, a facility’s CO<sub>2</sub> emissions from biomass combustion are not included in calculations that determine whether that facility’s emissions are greater than the rule’s applicability threshold for GHGs. Additionally, for facilities that combust biomass but whose emissions of CO<sub>2</sub> from fuels other than biomass place them above the reporting threshold, the rule requires most entities to report both their total biogenic CO<sub>2</sub> emissions and their emissions derived from other sources, thereby acknowledging that biogenic CO<sub>2</sub> has different significance from a policy-making perspective.

Moreover, reporting biomass emissions as Scope 1 directly conflicts with the approach and underlying policy rationale of EPA’s Inventory of U.S. Greenhouse Gas Emissions and Sinks, which the United States has submitted every year since 1993 as part of its obligations under the United Nations Framework Convention on Climate Change. In reporting its national emissions, EPA adheres to guidelines developed by the Intergovernmental Panel on Climate Change, which provide that CO<sub>2</sub> emissions from biomass combustion “should not be included in national CO<sub>2</sub> emissions from fuel combustion.”

This approach is rooted in the long-recognized fact that the growth of biomass stock and its eventual combustion constitute a closed cycle, resulting in no net change in atmospheric concentrations of CO<sub>2</sub>. Unlike fossil fuels, which release CO<sub>2</sub> that was sequestered millions of years ago, the CO<sub>2</sub> released from biomass combustion was sequestered during the lifetime of the biomass stock, producing a net-zero contribution to atmospheric CO<sub>2</sub> concentrations. Accordingly, requiring the reporting of emissions from biomass combustion as drafted would contradict longstanding practices and potentially introduce misleading or even inaccurate data into individual and national-level emissions registries.

Progress Energy appreciates the opportunity to submit comments and thanks you for your consideration of our views. Please contact me at 919-546-3775 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Caroline Choi', with a long horizontal flourish extending to the right.

Caroline Choi  
Executive Director  
Environmental Services and Strategy

CC:ks